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tures,¹ for the word is loosely applied with a wide and vague range of meaning, and includes securities which possess a specific mortgage upon the entire undertaking, and securities which merely entitle the holder to rank, in the event of default, as an ordinary creditor on a level with the butcher or baker who daily supplies the concern. (*See Note*, p. 52.)

In all institutions where the capital is not fully paid up—whatever be its solvency and prosperity—the ordinary investor is rightly advised to refrain from the purchase of shares on which this uncalled liability exists. I have already counselled him to accept no ordinary shares whatever, since it is upon them that all the stress of vicissitudes is placed; and even extensions of capital ranking in priority of security to these shares, and legitimately effected to augment the fortunes of the general business (in which, if expectations be fulfilled, the share capital will benefit) necessarily receive their interest in priority, and still further increase the burden of the shares should ill-fortune arrive. If the purchased share be one, for example, of £20 with £10 paid, the holder is liable to be called upon, if difficulties arise, or if the business suggests extension (though * usually in the latter contingency Debenture Stock might be created) for the balance of £10 per share, or part of it, and thus, in the former event, he would tend to increase his loss, and, in the latter event, augment his holding in cash, in the single venture, beyond his expectations and arrangements, or at all events, find his security burdened with a larger prior charge. A call of further cash capital, or the issue of stocks with priority of rank, may be fully justified, as I have said, and tend to the investor's enhanced benefit, but, notwithstanding this possible or probable advantage, he does well,

¹ Debenture: an acknowledgment of indebtedness ; Latin *debentur*; they are due, from *debere*, to be due, to owe. A debenture has been judicially defined as "a document which either creates a debt or acknowledges it." The mere employment of the word does not in itself confer any rights beyond an admission of indebtedness, though popular belief still assumes that such a document must always be secured by a specific charge upon a property, or at all events entitle the holder to a

preferential claim over other creditors. The rights of holders of any particular issue of debentures can only be ascertained from the instrument or trust deed, or other document under which the debentures were created, or from the Debenture itself.